



# Summary of the 10 November 2025 public workshop on Cost shares

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## 1 Introduction

IPART held the first of two workshops on the Cost Shares stream of work following the release of its discussion paper in October 2023 (available on IPART's website).

IPART's Chair Carmel Donnelly PSM introduced the Tribunal members and key members of the secretariat in attendance and introduced the 2025 review of WaterNSW rural valleys.

The Chair gave an overview of the previous review of WaterNSW prices for bulk water services in regional and rural NSW, that commenced with WaterNSW's pricing proposal in September 2024 and resulted in a short-term maximum price determination of prices from July 2025. She outlined some of the issues raised by stakeholders and the matters that the Tribunal will consider in more detail during this new review including the impactor pays approach and appropriate cost shares.

The Tribunal considered that further work would be required to complete the work to assess the proposed expenditure in more detail, the cost shares method, impactor pays method and alternative pricing proposed. The chair noted that some of this work may provide input to other concurrent work (NSW Government or National Water Initiative review).

A short (1-year) determination was put in place to regulate prices while enabling IPART to work on consideration of those other matters further

The Chair outlined the review timeline including that a discussion paper was released in October this year and we are holding 2 online public workshop sessions, over the next two weeks and the due date for submissions, the draft and final reports and public hearings to take place in 2026.

The chair clarified that IPART will consider previous submissions as well as new submissions within the current review.

The chair invited attendees to introduce themselves and their organisations and make any opening statements or questions.

## 2 Summary of opening comments

Stakeholders welcomed the review but noted the timeframe is short given the breadth of issues including costs shares, pricing structures and efficient costs. Stakeholders indicated they would welcome further opportunities to engage in the review. The chair advised the Tribunal would consider this feedback.

A stakeholder indicated the proposed pricing increases would place unsustainable pressures impact on water affordability for regional councils and regional customers.

IPART noted that we will publish a summary of this workshop, and all non confidential submissions reviewed once all submissions have been received.

The tables below provide a summary of the discussion points and questions raised during the workshop. These discussion points have been grouped into similar themes.

## 3 Summary of Q&A and discussion points

### Timeframe and detail of review

Noting the short timeframe and the complex issues being considered stakeholders expressed a desire for clear and detailed information on options, including pros and cons of models. Such as:

- articulating drivers for cost share ratios.
- One requested another step in addition to the draft report for stakeholders to have further input.
- A stakeholder requested more information on what the draft report may include before March 2026.
- IPART noted this and will consider further avenues for input. IPART will publish all non-confidential submission and a summary of the workshops.
- IPART will consider whether we can provide a further update before the draft report. The Draft report is an important part of the review process.

### Counterfactual analysis and alternative scenarios

Stakeholders expressed concerned with the counterfactual scenario's focus on consumptive use. Issues for consideration are:

- We now have highly developed and highly regulated river systems – multi use of the regulated river system.
- We need a 'line in the sand'. Primary function of dams is not supplying users; environment management is a major customer.
- Society now expects higher environmental activities and users should not pay for this.
- Standard of service are driven by the broader community.
- Cost shares and impactor pays were more appropriate 20 years ago. Greater benefits are accruing to the environment and if irrigation stopped today all the WaterNSW activities would continue today. The counterfactual is too simplified, it's much more nuanced.
- IPART invited stakeholders to propose other water usage scenarios that are forward looking in their submissions for consideration of alternative counterfactuals.
- IPART discussed the hypothetical scenario of whether WaterNSW would be able to exit or would it need to maintain the dams and associated infrastructure to a safe standard.

### Consistency in approach between transport and water infrastructure cost recovery

- A stakeholder argued that the fare setting model for transport treats capital transport infrastructure expenditure as a sunk cost, but this approach is not applied in water.
- The Opal determination fare modelling is based on operating costs and does not include capital costs.
- IPART sets prices for services with respect to different frameworks and considerations. As part of setting maximum transport fares IPART considers a wide range of matters including the external benefits of the Opal network. IPART notes that NWI that requires prices to be cost reflective.

### NWI pricing principles

Achieving consistency with the National Water Initiative pricing principles was discussed:

- For water management and planning under the NWI requires an 'impactor pays' approach not necessarily for bulk water services which only requires 'user pays'.
- A review of NWI agreement is taking place. has IPART reviewed the draft NWI agreement?
- IPART will take the comments on board in the process of this review.

### Levels of service, regulatory requirements and changing community expectations drive actual use of the dam are cost drivers

- A stakeholder considered that regulatory objectives are designed around environmental outcomes.
  - Currently 28% is used for consumptive use, the rest (72%) for environmental outcomes.
  - In the Murray River 25% of current water is held for environmental flows, noting that the river must flow to ensure flow to South Australia, drinking water, quality or dilution purposes and continuous flow.
  - This reflects the Murray River Basin agreement.
  - IPART should consider how water is being used not just entitlements. The shares of entitlements indicate a different impactor share to the usage data.
- A stakeholder noted that primary objective of river management is maintaining minimum flows. Consumptive use occurs after environmental flows.
- A stakeholder noted that the volume of water entitlements are weighted towards general security licences, but the water sharing plans and Water Management Act prioritises town water and environmental water, meaning the volume of usage patterns can be weighted towards other users. This creates tension between financial contributions of general security entitlement holders and other higher security holders.
- A stakeholder noted that pricing model includes water infrastructure, but dams are also critical infrastructure, WaterNSW incurs information security costs as a result and should be considered as such in the pricing model
- A stakeholder noted that tourism is dependent on a good and consistent water supply.
- A stakeholder stated that while some activities may be necessary, the standard to which those activities are being conducted is above what a customer would consider reasonable (e.g. fish passage and metering).
- IPART would consider what are the efficient costs, impacts on social and environment and affordability. IPART is not bound by the past. The current IPART review will consider all the issues to make the best decision today.

### Basic landholder rights are also cost drivers

Stakeholders discussed that basic landholder rights and stock and domestic rights are not accounted for under the current framework. Sometimes metered and charged other times not.

- A stakeholder noted that 365-day water flow requirements are for town water supply. stock and domestic water use, noting that community expectations expect rivers to flow and not dry up.
- There are stock and domestic licences that require water metre use. Basic land holder rights for stock and domestic use including aquifers entitle the landowner to take unmetered water. An average water use assumption for stock is 4.5 litres per day.
- IPART asked do landholders have a regulated right to access water for domestic and stock purposes.

### Government borrowing

A stakeholder noted that WaterNSW and Government have borrowed significant amounts of money to finance the dams and customers pay the cost over time, not upfront.

### Farm margins and affordability of water as an input

- A stakeholder noted that farmers are not making greater margins and costs are rising.
- When setting maximum prices IPART consider the social, environmental impacts and affordability.

### Does WaterNSW supply water to all councils and towns in NSW?

- WaterNSW only supplies to some areas and not all NSW councils.
- IPART will consider this information and consider variation in drinking water storages across NSW.

### Transparency / disaggregation of financial data

Noted. IPART will be holding a workshop on pricing related issues on 17 November 2025.